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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)
(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1992.

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____TO_____.

Commission file number: 0-15826

Washington Bancorp, Inc.
(Exact name of registrant as specified in its charter)

Delaware	22-2800126
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification)

101 Washington Street, Hoboken, New Jersey 07030
(Address of principal executive offices) (zip code)

(201) 659-0013
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO _____

Number of shares of common stock, par value $.10 per share, outstanding as of June 30, 1992: 2,307,187.

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Washington Bancorp, Inc. & Subsidiary
Consolidated Balance Sheets

	June 30, 1992	December 31, 1991
	(unaudited)	
Assets		
Cash and due from banks	$ 3,938,768	$ 4,670,190
Federal funds sold	6,000,000	18,300,000
Investment securities, market value of $58,386,000 at June 30, 1992 and $55,784,000 at December 31, 1991	57,701,548	54,937,773
Mortgage-backed securities, market value of $1,535,000 at December 31, 1991	-	1,516,910
Mortgage loans held for resale	4,478,953	-
Loans, net of allowance for losses of $2,841,000 at June 30, 1992 and $2,989,000 at December 31, 1991	200,565,176	195,508,126
Other real estate owned ("REO"), net of allowance for losses of $1,243,000 at June 30, 1992 and $1,328,000 at December 31, 1991	12,006,422	12,562,855
Accrued interest receivable	3,058,026	2,907,186
Premises and equipment, net	2,895,388	2,899,553
Other assets	488,568	424,225
TOTAL ASSETS	$291,132,849	$293,726,818
Liabilities and Stockholders' Equity		
Liabilities:		
Interest-bearing deposits	$250,505,616	$250,993,331
Noninterest-bearing deposits	8,262,917	8,027,681
Total deposits	258,768,331	259,021,012
Mortgage escrow deposits	2,070,956	2,133,090
Accrued interest payable	378,612	666,501
Other liabilities	1,247,451	3,689,751
TOTAL LIABILITIES	262,465,948	265,510,354
Commitments and Contingencies (Notes 7 and 8)		
Stockholders' Equity:		
Preferred stock, par value $.10 per share, 3,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, par value $.10 per share, 6,000,000 shares authorized, 2,307,187 shares issued and outstanding	230,718	230,718
Paid-in capital	22,498,778	22,498,778
Retained earnings	6,167,405	5,823,568
	28,896,901	28,553,064
Deferred compensation:		
Employee Stock Ownership Plan ("ESOP")	-	(96,600)
Management Recognition and Retention Plan ("MRP")	(210,000)	(240,000)
TOTAL STOCKHOLDERS' EQUITY	28,686,901	28,216,464
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$291,132,849	$293,726,818

See notes to consolidated financial statements

Washington Bancorp, Inc. & Subsidiary
Consolidated Statements Of Operations
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	1992	1991	1992	1991
Interest income:				
Loans, including fees	$ 4,705,014	$ 5,629,222	$ 9,330,705	$11,557,528
U.S. Treasury obligations	866,275	461,343	1,788,425	773,993
Federal funds sold	61,562	140,683	185,854	211,917
Dividends	46,996	58,488	73,206	102,088
Due from banks	8,621	-	23,110	-
Mortgage-backed securities	-	237,647	6,249	614,987
Other investment securities	-	460,611	-	1,166,114
Total interest income	5,688,468	6,987,994	11,407,549	14,426,607
Interest expense:				
Deposits	3,136,261	4,447,068	6,634,340	8,981,178
Borrowed funds	118	583,417	1,350	1,201,617
Total interest expense	3,136,379	5,030,485	6,635,690	10,182,795
Net interest income	2,552,089	1,957,509	4,771,859	4,243,812
Provision for losses on loans	200,000	300,000	350,000	750,000
Net interest income after provision for losses on loans	2,352,089	1,657,509	4,421,859	3,493,812
Other income:				
Service charges on deposit accounts	46,431	44,687	92,720	79,932
Security gains, net	9,906	-	14,884	-
Gain on sale of loans	65,332	-	65,332	-
Other	64,654	93,855	129,876	153,037
Total other income	186,323	138,542	302,812	232,969
Other expenses:				
Salaries and employee benefits	955,514	1,032,897	1,840,469	1,961,717
Occupancy and equipment expenses, net	268,458	229,643	554,703	442,233
REO expense, net	144,756	343,903	364,164	652,839
Federal Deposit Insurance Corporation ("FDIC") assessment	149,844	128,514	299,689	271,014
Security losses, net	-	7,314	-	5,992
Other	722,204	574,045	1,316,809	1,230,252
Total other expenses	2,240,776	2,335,516	4,375,834	4,564,047
Income/(loss) before income tax expense and extraordinary item	297,636	(539,465)	348,837	(837,266)
Income tax expense	62,000	-	80,000	-
Income/(loss) before extraordinary item	235,636	(539,465)	268,837	(837,266)
Extraordinary item:				
Utilization of net operating loss ("NOL") carryforward	57,000	-	75,000	-
NET INCOME/(LOSS)	$ 292,636	$ (539,465)	$ 343,837	$ (837,266)
Income/(loss) per share:				
Income/(loss) before extraordinary item	$ 0.10	$ (0.24)	$ 0.12	$ (0.37)
Extraordinary item	0.03	-	0.03	-
NET INCOME/(LOSS)	$ 0.13	$ (0.24)	$ 0.15	$ (0.37)

See notes to consolidated financial statements

Washington Bancorp, Inc. and Subsidiary
Consolidated Statements of Cash Flows
(unaudited)

	Six months ended June 30,	
	1992	1991
Cash Flows from Operating Activities:		
Interest received	$ 11,265,966	$ 14,647,326
Loan fees received	241,259	211,090
Service charges on deposits received	92,720	98,744
Miscellaneous other income received	129,876	153,268
Income tax refund received	-	100,000
Interest paid	(6,922,579)	(10,370,869)
Cash paid to employees and for other expenses	(4,090,550)	(4,248,387)
Net cash provided by operating activities	716,692	591,172
Cash Flows from Investing Activities:		
Proceeds from maturity of term federal funds sold	9,000,000	-
Proceeds from sales of investment securities	13,851,675	14,960,449
Proceeds from maturities of investment securities	-	32,668,000
Purchase of investment securities	(17,021,250)	(41,619,407)
Principal collected on mortgage-backed securities	-	595,424
Proceeds from sales of mortgage-backed securities	1,533,314	15,511,763
Proceeds from sales of mortgages held for resale	6,315,444	-
Purchase of loans	(10,086,000)	-
Net increase in loans	(8,341,955)	(8,732,202)
Recoveries on loans charged-off	169,271	91,085
Capital expenditures	(205,299)	(168,931)
Proceeds from sales of REO, net of financed sales and closing costs	371,903	736,480
Net cash (used in)/provided by investing activities	(6,412,897)	14,042,661
Cash Flows from Financing Activities:		
Net increase in savings and transaction accounts	11,906,190	4,223,019
Net decrease in certificates of deposit	(12,178,871)	(11,441,244)
Repayment of advances from FHLB	-	(2,600,000)
Net (decrease)/increase in mortgage escrow deposits	(62,536)	118,693
Net cash used in financing activities	(335,217)	(9,699,532)
Net Increase/(Decrease) in Cash and Cash Equivalents	(4,031,422)	4,934,301
Cash and Cash Equivalents, beginning of period	13,970,190	7,098,782
Cash and Cash Equivalents, end of period	$ 9,938,768	$ 12,033,083

See notes to consolidated financial statements

Washington Bancorp, Inc. and Subsidiary
Consolidated Statements of Cash Flows (continued)
(unaudited)

	Six months ended June 30,	
	1992	1991
Reconciliation of Net Income/(Loss) to Net Cash Provided by Operating Activities:		
Net income/(loss)	$ 343,837	$ (837,266)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:		
Depreciation	209,464	157,941
Provision for losses on loans and REO	529,543	1,146,115
Recognition of deferred compensation expense	126,600	174,900
Deferred loan fees	(72,914)	(126,549)
Gain on sales of investment and mortgage-backed securities	(48,698)	(109,453)
Loss on sales of investment and mortgage-backed securities	33,814	115,445
Gain on sale of mortgages	(65,332)	-
Gain on sales of REO	(310,802)	(139,754)
Loss on sales of REO	32,122	80,855
Discount earned, net of premium amortization and deferred income	323,430	(16,671)
Changes in operating assets and liabilities:		
Decrease in income tax refund receivable	-	100,000
(Increase)/decrease in accrued interest receivable	(150,840)	575,029
(Increase)/decrease in other assets	(64,343)	248,037
Decrease in accrued interest payable	(286,889)	(169,031)
Increase/(decrease) in other liabilities	117,700	(608,426)
Net cash provided by operating activities	$ 716,692	$ 591,172
Supplemental Schedule of Noncash Investing and Financing Activities:		
Transfer of loans to REO, (net of financed sales of REO)	$ (291,553)	$ 1,323,832
Transfer of loans to mortgages held for resale, net	$ 10,729,065	$ -
Exchange of loans for mortgage-backed securities	$ -	$ 1,005,102

See notes to consolidated financial statements

WASHINGTON BANCORP, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 1992

Note 1. The consolidated interim financial statements included herein have been prepared by Washington Bancorp, Inc.(the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission, and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 1991. Certain information and note disclosure normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations, although the Company believes that the disclosures being made are adequate to make the information presented not misleading. In the opinion of management, these consolidated financial statements reflect all adjustments(all of which are of a normal recurring nature) which are necessary for a fair statement of results for the interim periods. The results for the interim periods are not necessarily indicative of results to be expected for the entire year.

Note 2. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Washington Savings Bank (the "Bank"). All material intercompany balances and transactions have been eliminated.

Note 3. Income/(loss) before extraordinary item per share and net income/(loss) per share were computed by dividing net income/(loss) for each period by the weighted average number of shares outstanding (which excludes unvested shares of the Management Recognition Plan for all periods) of 2,264,173 and 2,264,119 for the periods ended June 30, 1992 and 1991, respectively.

Note 4. During the first half of 1992, the Company recorded an extraordinary item in the amount of $75,000 by utilizing net operating loss carryforwards for financial reporting purposes to offset tax expense of an almost equal amount.

Note 5. Mortgages intended for sale are carried at the lower of aggregate cost or market. Gains and losses are recognized when mortgages intended for sale are sold by the specific identification method. Net unrealized losses, if any, are provided for by a charge to operations.

Note 6. The Bank's primary market area for lending encompasses Hudson and Bergen Counties, New Jersey. The following tables set forth the composition of the Bank's loans, nonperforming loans, REO, and allowances for losses on loans and REO as of the periods indicated:

	June 30, 1992 (Unaudited)	December 31, 1991
LOANS		
Real Estate:		
1-4 family	$139,030,104	$135,133,491
Multi-family/Commercial	57,064,194	55,940,022
Construction	2,247,500	1,449,287
Total real estate loans	198,341,798	192,522,800
Commercial/financial	4,220,733	4,080,755
Consumer and other loans	2,092,130	3,175,820
Total loans	204,654,661	199,779,375
Less: Unearned income	104,902	185,752
Deferred loan fees	1,143,583	1,096,497
Allowance for losses	2,841,000	2,989,000
Loans, net	$200,565,176	$195,508,126
NONPERFORMING LOANS		
Real estate loans:		
1-4 family	$ 8,717,761	$ 10,436,523
Other	3,657,000	4,139,110
Total real estate loans	12,374,761	14,575,633
Commercial/financial	658,610	514,591
Consumer and other loans	269,847	931,370
Total nonaccrual loans	13,303,218	16,021,594
Troubled debt restructurings:		
Commercial/financial	566,788	611,788
Total nonperforming loans	$ 13,870,006	$ 16,633,382
REAL ESTATE OWNED		
Acquired by foreclosure or deed in lieu of foreclosure	$ 3,520,826	$ 4,956,011
Loans foreclosed in-substance	9,728,596	8,934,844
Total REO	13,249,422	13,890,855
Less allowance for losses	1,243,000	1,328,000
REO, net	$ 12,006,422	$ 12,562,855

ALLOWANCES FOR LOSSES	Loans	REO	Total
Balance, December 31, 1991	$2,989,000	$1,328,000	$4,317,000
Provision for losses	350,000	179,543	529,543
Recoveries	169,271	-	169,271
Losses charged-off	667,271	264,543	931,814
Balance, June 30, 1992 (unaudited)	$2,841,000	$1,243,000	$4,084,000

Note 7. In the normal course of business, the Bank is a party to financial instruments with off-balance-sheet risk which are properly not recorded in the consolidated financial statements. At June 30, 1992, the Bank's exposure to credit loss in the event of nonperformance by the potential borrowers is represented by the contractual amount of the financial instruments as follows:

	Contractual Amount	Interest Rates	Expiration Dates Through
Loan commitments-variable.....	$4,358,000	5.8%-9.5%	September 1992
Loan commitments-fixed.....	$1,648,000	7.0%-10.5%	September 1992
Lines of credit-variable.....	$2,233,000	8.0%-11.0%	November 1993
Undisbursed construction loans-fixed.....	$337,500	7.5%-10.0%	October 1992

Note 8. The Bank received a subpoena dated August 1, 1990, issued upon the application of the United States Attorney for the District of New Jersey. The subpoena seeks documentation regarding certain individuals (none of whom are current officers or directors of the Company or the Bank) in connection with a Grand Jury investigation into certain possible violations of banking provisions of the United States Code. The Bank has complied with the subpoena's request to furnish documentation. The Bank has not, to date, received any affirmative indication that it would be a defendant in any criminal proceeding arising out of the investigation. However, at this time, legal counsel for the Bank is unable to determine the effect, if any, of the ultimate outcome of the investigation as it relates to the Bank. Management does not believe the investigation will have any material adverse impact on the financial condition of the Bank; however, given the fluctuations in results of operations during recent periods, management cannot predict the impact, if any, on the Bank's results of operations.

In September 1991, a complaint was filed by a former officer in New Jersey Superior Court against the Company, the Bank and certain directors and officers seeking unspecified damages relating to the termination of such officer's employment. The Company and individual defendants have filed an answer and have asserted certain counterclaims. In April 1992, a complaint was filed in the Law Division of the New Jersey Superior Court against

the Company and the Bank seeking unspecified damages and alleging violations of state securities laws, certain banking laws and state common law. Management believes that defendants have meritorious defenses in both of these actions and intends to vigorously defend these actions. Management believes that these lawsuits will not have a material adverse impact on the financial condition of the Company or the Bank; however, given the fluctuations in results of operations during recent periods, management cannot predit the impact, if any, on the Company's or the Bank's results of operations.

Note 9. On August 13, 1991, the Company signed a Memorandum of Understanding (the "Company-MOU") with the Federal Reserve Bank of New York (the "FRB") in connection with an examination of the Company as of December 31, 1990. The Company-MOU requires the Company to provide the FRB with certain financial and operational information, restricts dividend payments, and obligates the Company to provide the FRB with notice prior to making large cash expenditures outside the ordinary course of business, or making additions to senior executive management or the board of directors. The Company-MOU also states that the Company should not consider expansion of its activities at the present time. In the opinion of management, the Company is in compliance with the Company-MOU.

On October 8, 1991, the Bank signed a Memorandum of Understanding (the "Bank-MOU") with the Federal Deposit Insurance Corporation and the State of New Jersey Department of Banking (the "Regulators") in connection with an examination of the Bank as of December 31, 1990. The Bank-MOU relates primarily to loan policies as well as the regular monitoring of the level of classified assets and the adequacy of the allowance for losses on loans. The Bank-MOU also requires the Bank to provide the Regulators with certain financial and operational information, restricts dividend payments, and requires the Bank to maintain a Tier I leverage capital ratio of at least 7.0%. In the opinion of management, the Bank is in compliance with the Bank-MOU.

Note 10. In 1987, the FASB issued Statement of Financial Accounting Standard No. 96 "Accounting for Income Taxes"("SFAS 96") the effective date of which was subsequently delayed in consideration of proposed revisions to SFAS 96. In February 1992, the FASB issued Statement No. 109 "Accounting for Income Taxes"("SFAS 109") which supersedes SFAS 96. The Company currently accounts for income taxes under Accounting Principles Board Opinion No. 11 ("APB 11") having elected not to adopt SFAS 96 prior to its required effective date. SFAS 109 requires an asset and liability approach, the objective of which is to establish deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled. SFAS 109 is effective for fiscal years beginning after December 15, 1992 and earlier adoption is permitted. The Federal Deposit Insurance Corporation("FDIC") has requested FDIC-supervised banks to not adopt SFAS 109 for regulatory reporting purposes until the FDIC has had an opportunity to review the impact of SFAS 109 on capital adequacy and capital ratios. For financial reporting purposes, the Company will wait until further guidance is received from the FDIC before deciding whether to adopt early in 1992 or to adopt in 1993 as required. The effect of initially applying SFAS 109 shall be reported as a cumulative effect of a change in accounting principle in the results of operations. The Company does not expect any adverse impact on its financial position or results of operations when SFAS 109 is implemented.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

A. General

During the second quarter of 1992, Washington Savings Bank (the "Bank") sold $6 million of the $16 million of 1-4 family mortgages held for sale at the end of the first quarter, recognizing a gain of $65,000. Of the remaining $10 million, $4.5 million were sold in July at approximately par and $5.5 million were reclassified to mortgage loans at their carrying value. Such loans are no longer held for sale due to anticipated payoffs as a result of the Federal Reserve's cut in the discount rate on July 2, 1992.

The funds obtained from the sale of mortgage loans and some investments as well as funds obtained from a reduction of federal funds sold enabled the Bank to originate $16 million of new loans during the second quarter, up from $14.5 million during the same period of 1991. Almost $2 million of the increase in originations was caused by financed sales of real estate owned ("REO"). As a result of the sales of REO and $500,000 of loans charged-off, nonperforming assets decreased to $25.8 million at June 30, 1992 from $28.3 million at March 31, 1992. In total, the allowance for losses on loans, when coupled with the allowance for losses on REO, represented 15% of nonperforming assets as of June 30, 1992 and March 31, 1992.

With regards to liabilities, interest rates paid by the Bank continued to decrease. In April, the passbook rate was decreased 50 basis points to 4.0% in connection with reductions in rates offered on other deposit instruments. (In August, the passbook rate further decreased to 3.5%.) As a result, the Bank continues to experience a trend similar to the latter portion of 1991 where, as higher paying certificates of deposit matured, customers reinvested the proceeds in regular savings accounts. Management continues to believe that depositors are "temporarily" placing their funds in regular savings accounts while waiting to see what happens to interest rates.

Net interest income increased $600 thousand, or 30%, to $2.6 million for the quarter ended June 30, 1992 from $2.0 million for the quarter ended June 30, 1991 partially due to a decrease in nonperforming assets during the period from June 30, 1991 to June 30, 1992, and partially due to a greater decline in the cost of "borrowing" funds from depositors vis-a-vis the decline in interest rates earned on loans to mortgage customers. In addition to the improvement in net interest income, the financial results of the Bank, and therefore Washington Bancorp, Inc. (the "Company"), continues

to be highly dependent on the amount of the provision for losses on loans and REO. Approximately a third of the improvement in second quarter results of operations is attributable to a $251,000 reduction in the provision for losses on loans and REO to $286,000 for the three months ended June 30, 1992 from $537,000 for the corresponding period of 1991. For more information regarding results of operations, refer to "Results of Operations" for the three and six months ended June 30, 1992 and 1991 below.

As a result of the aforementioned Federal Reserve cut in the discount rate, the Bank restructured its securities portfolio during July 1992. In the process, the weighted average maturity declined from 47 months to 39 months.

B. Results of Operations for the three months ended June 30, 1992 and 1991

Net income/loss:

The Company's net income for the quarter ended June 30, 1992 was $293,000, or $.13 per share, as compared with a net loss of $540,000, or $.24 per share, for the quarter ended June 30, 1991. The Company's net income before extraordinary item for the quarter ended June 30, 1992 was $236,000, or $.10 per share, as compared with a net loss before extraordinary item of $540,000, or $.24 per share, for the quarter ended June 30, 1991. The improvement in net income of $833,000 and net income before extraordinary item of $776,000 was primarily the result of an improvement of $594,000 in net interest income; a $219,000 decrease in REO expense, net, including a decrease in the provision for losses on REO of $151,000; and a $100,000 decrease in the provision for losses on loans. In addition, the Company utilized a net operating loss carryforward of $57,000, or $.03 per share, to offset tax expense of an almost equal amount for the second quarter of 1992. Such item has been accounted for as an extraordinary item.

Net interest income:

Net interest income increased $594,000, or 30%, for the three months ended June 30, 1992 as compared with the corresponding period last year. The increase from 1991 was partially due to a decrease in nonperforming assets from June 30, 1991 to June 30, 1992 and partially due to a greater decline in the cost of "borrowing" funds from depositors vis-a-vis the decline in interest rates earned on loans to mortgage customers. As a result, the interest rate spread and the net yield on interest-earning assets increased to 3.25% and 3.71%, respectively, for the three months ended June 30, 1992 from 2.07% and 2.55%, respectively, for the three months ended June 30, 1991.

Total interest income decreased $1.3 million, or 19%, due to a reduction in the volume of interest-earning assets, a change in the mix of interest-earning assets and lower yields earned on all interest-earning asset categories. The average balance of interest-earning assets decreased to $275.0 million from $307.5 million due primarily to 1-4 family performing mortgage loan sales during the fourth quarter of 1991, and, secondarily, to sales of mortgage-backed securities throughout 1991. The mix of interest-earning assets negatively impacted interest income as higher yielding assets, such as 1-4 family performing loans and mortgage-backed securities, were sold in 1991 and reinvested in lower yielding assets, such as investment securities. The change in the mix of interest-earning assets improved the loan-to-deposits ratio and was effected in conjunction with the restructuring of the balance sheet during 1991. Lower yields were a result of the declining rate environment since the beginning of 1991.

Total interest expense decreased $1.9 million, or 38%, due to lower rates paid on all interest-bearing liabilities, an improvement in the liability mix and a lower total average balance of interest-bearing liabilities. Lower rates paid were a result of the declining rate environment since the beginning of 1991. The lower total average balance of interest-bearing liabilities was due to repayments of FHLB and ESOP borrowings during 1991 and a lower average balance of certificates of deposit accounts due to withdrawals, offset in part by an increase in the average balance of regular savings accounts. The Bank has continued to experience the same trend that began in 1991 whereby certificate of deposit withdrawals are "temporarily" placed in regular savings accounts. Management believes that depositors are investing in liquid assets since higher-yielding alternative investment options are limited.

(Refer to rate/volume analysis and yield/cost analysis on pages 21 and 22, respectively, for further detail.)

Provision for losses on loans:

The provision for losses on loans was $200,000 for the three months ended June 30, 1992 as compared to $300,000 for the corresponding period last year. The lower amount of the provision for losses on loans reflects management's assessment of lower risk in the portfolio due in part to a larger percentage of nonperforming loans consisting of owner-occupied 1-4 family real estate loans at June 30, 1992 (63%) as compared to the corresponding date in 1991 (49%), as well as a decrease in nonperforming loans of $5.9 million, or 30%, to $13.9 million as of June 30, 1992 from $19.8 million as of June 30, 1991. In the opinion of management, owner-occupied 1-4 family real estate loans have lower risk than multi-

family/commercial loans because such loans represent the borrower's primary residence as opposed to an investment property, are more "seasoned" loans which typically provide greaty equity positions, and are generally smaller balance loans which are diversified amongst a greater number of borrowers (hence credit risk is less concentrated).

Other income:

Total other income increased $48,000, or 35%, due to a gain on sale of loans of $65,000 and net security gains of $10,000, both of which did not occur in 1991, offset by a $29,000 decrease in other income.

Other expenses:

Total other expenses decreased $95,000, or 4%, for the three months ended June 30, 1992 as compared with the corresponding period last year. Contributing to the improvement in other expenses were a decrease of $219,000, or 60%, in REO expense (net) as described in the table below and a $76,000, or 7%, decrease in salaries and employee benefits due to lower costs for some employee benefits. Offsetting such improvements was an increase in other expenses of $148,000, or 26%, due primarily to legal matters. The components of REO expense, net are as follows:

	for the three months ended June 30,	
	1992	1991
REO expense, net:		
Carrying costs	$178,000	$210,000
Provision for losses	86,000	238,000
Gain on sale, net	(119,000)	(84,000)
Total REO expense, net	$145,000	$364,000

Income tax expense and extraordinary item:

The Company recorded income tax expense in the amount of $62,000 for the three months ended June 30, 1992. Partially offsetting such amount was the utilization of part of the 1991 net operating loss carryforward. For the quarter ended June 30, 1991, the Company did not record any income tax benefit relating to such period's loss since the Company was anticipating a net operating loss carryforward position for 1991.

During the second quarter of 1992, the Company determined that a possible overassessment of previously paid federal income tax existed. A refund request made by the Company on June 8, 1992 is subject to review and approval by the Internal Revenue Service. No assurances can be made as to the merits of the refund or the amount of the refund until this review is

completed. Due to this uncertainty, the Company has not accrued any amount.

C. Results of Operations for the six months ended June 30, 1992 and 1991

Net income/loss:

The Company's net income for the six months ended June 30, 1992 was $344,000, or $.15 per share, as compared with a net loss of $837,000, or $.37 per share, for the six months ended June 30, 1991. The Company's net income before extraordinary item for the six months ended June 30, 1992 was $269,000, or $.12 per share, as compared with a net loss before extraordinary item of $837,000, or $.37 per share, for the six months ended June 30, 1991. The improvement in net income and net income before extraordinary item of $1.1 million was primarily the result of an improvement of $528,000 in net interest income, a $400,000 decrease in the provision for losses on loans and a $289,000 decrease in REO expense, net, including a decrease in provision for losses on REO of $217,000. In addition, the Company utilized a net operating loss carryforward of $75,000, or $.03 per share, to offset tax expense of an almost equal amount for the first half of 1992. Such item has been accounted for as an extraordinary item.

Net interest income:

Net interest income increased $528,000, or 12%, for the six months ended June 30, 1992 as compared with the corresponding period last year. The increase from 1991 was partially due to a decrease in nonperforming assets from June 30, 1991 to June 30, 1992 and partially due to a greater decline in the cost of "borrowing" funds from depositors vis-a-vis the decline in interest rates earned on loans to mortgage customers. As a result, the interest rate spread and net yield on interest-earning assets increased to 3.00% and 3.47%, respectively, for the six months ended June 30, 1992 from 2.20% and 2.74%, respectively, for the six months ended June 30, 1991.

Total interest income decreased $3.0 million, or 21%, due to a reduction in the volume of interest-earning assets, a change in the mix of interest-earning assets and lower yields earned on all interest-earning asset categories. The average balance of interest-earning assets decreased to $275.0 million from $309.5 million due primarily to 1-4 family performing mortgage loan sales during the fourth quarter of 1991, and secondarily, to sales of mortgage-backed securities throughout 1991. The mix of interest-earning assets negatively impacted interest income as higher yielding assets, such as 1-4 family

performing loans and mortgage-backed securities, were sold in 1991 and reinvested in lower yielding assets, such as investment securities and federal funds sold. The change in the mix of interest-earning assets improved the loan-to-deposits ratio and was effected in conjunction with the restructuring of the balance sheet during 1991. Lower yields were a result of the declining rate environment since the beginning of 1991.

Total interest expense decreased $3.5 million, or 34%, due to lower rates paid on all interest-bearing liabilities, a change in the liability mix and a lower total average balance of interest-bearing liabilities. Lower rates paid were a result of the declining rate environment since the beginning of 1991. The lower total average balance of interest-bearing liabilities was due to repayments of FHLB and ESOP borrowings during 1991 and a lower average balance of certificates of deposit accounts due to withdrawals, offset in part by an increase in the average balance of regular savings accounts. The Bank has continued to experience the same trend that began in 1991 whereby certificate of deposit withdrawals are "temporarily" placed in regular savings accounts.

(Refer to rate/volume analysis and yield/cost analysis on pages 21 and 23, respectively, for further detail.)

Provision for losses on loans:

The provision for losses on loans was $350,000 for the six months ended June 30, 1992 as compared to $750,000 for the corresponding period last year. The lower amount of the provision for losses on loans reflects management's assessment of lower risk in the portfolio due in part to a larger percentage of nonperforming loans consisting of owner-occupied 1-4 family real estate loans at June 30, 1992 (63%) as compared to the corresponding date in 1991 (49%), as well as a decrease in nonperforming loans of $5.9 million, or 30%, to $13.9 million as of June 30, 1992 from $19.8 million as of June 30, 1991. In the opinion of management, owner-occupied 1-4 family real estate loans have lower risk than multi-family/commercial loans because such loans represent the borrower's primary residence as opposed to an investment property, are more "seasoned" loans which typically provide greaty equity positions, and are generally smaller balance loans which are diversified amongst a greater number of borrowers (hence credit risk is less concentrated).

Other income:

Total other income increased $70,000, or 30%, due primarily to a gain on sale of loans of $65,000.

Other expenses:

Total other expenses decreased $188,000, or 4%, for the six months ended June 30, 1992 as compared with the corresponding period last year. Contributing to the improvement in other expenses were a decrease of $289,000, or 44%, in REO expense (net) as described in the table below and a $122,000, or 6%, decrease in salaries and employee benefits due to lower costs for some employee benefits. Offsetting such improvements was an increase in occupancy expense, net of $113,000, or 26%, due primarily to recognizing costs for an anticipated branch closing during the third quarter of 1992 and an increase in other expenses of $87,000, or 7%, due primarily to legal matters. The components of REO expense, net are as follows:

	for the six months ended June 30,	
	1992	1991
REO expense, net:		
Carrying costs	$463,000	$316,000
Provision for losses	180,000	396,000
Gain on sale, net	(279,000)	(59,000)
Total REO expense, net	$364,000	$653,000

Income tax expense and extraordinary item:

The Company recorded income tax expense in the amount of $80,000 for the six months ended June 30, 1992. Partially offsetting such amount was the utilization of part of the 1991 net operating loss carryforward. For the quarter ended June 30, 1991, the Company did not record any income tax benefit relating to such period's loss since the Company was anticipating a net operating loss carryforward position for 1991.

D. Liquidity and Capital Resources

Liquidity is the ability to meet current cash needs in order to fund loans and deposit withdrawals, make debt payments, and cover operating expenses. The FDIC defines a bank's liquidity ratio as the sum of net cash, short-term investments and marketable assets divided by the sum of net deposits and short-term liabilities. The Bank's liquidity ratio at June 30, 1992 and December 31, 1991, as calculated according to the FDIC definition, was 25% and 29%, respectively. The decrease in the liquidity ratio was primarily due to a repurchase of $10.5 million of loans in the first quarter of 1992 (refer to "General" section of the Company's March 31, 1992 first quarter 10-Q for further information). The amount of assets

used in the liquidity ratio calculation was $65.9 and $77.9 million as of June 30, 1992 and December 31, 1991, respectively.

In addition to the liquidity ratio, liquidity can also be described in terms of cash and cash equivalents. Cash and cash equivalents are cash on hand, amounts due from banks and Federal funds sold (generally due within a one-week period). The Company's consolidated cash and cash equivalents decreased $4.0 million during the six months ended June 30, 1992, primarily due to a $2.5 million payment during the first quarter of 1992 (refer to "General" section of the Comoany's March 31, 1992 first quarter 10-Q for further information) and the funding of new loan originations.

As of June 30, 1992 and December 31, 1991, the Company held $1.0 million of cash and cash equivalents at the holding company level. In light of the restrictions imposed by the Company-MOU (refer to footnote 9 of this 10-Q for further information) which effectively precludes the current use of such funds for dividends, and in light of the limited activities of the holding company, management does not regard the amount of such cash and cash equivalents to be significant from a liquidity perspective except in terms of a potential source of future contributions to the Bank.

Bank regulators currently require banking institutions such as the Company and the Bank to meet several capital ratios. Under risk-based capital guidelines, the Company and the Bank must classify their assets and certain off-balance-sheet activities into categories, and maintain specified levels of capital for each category. The least capital is required for the category deemed by the regulators to have the least risk, and the most capital is required for the category deemed by the regulators to have the greatest risk. The regulation has a three year phase-in period which currently requires the Bank to maintain a total capital to risk-weighted assets ratio of 7.25 percent and a core capital to risk-weighted assets ratio of 3.625 percent. By December 31, 1992, the Bank must have a total risk-based capital ratio of 8 percent and a core risk-based capital ratio of 4 percent. For purposes of the risk-based capital guidelines, (i) core capital (known as Tier 1 capital) consists of common equity and qualifying perpetual preferred stock, less goodwill and (ii) total capital consists of core capital plus mandatory convertible debt securities, qualifying subordinated debt, other preferred stock and a portion of the allowance for losses on loans.

In addition, minimum leverage ratio guidelines must be met. These guidelines provide for a minimum leverage ratio (i.e., core capital to total assets) of 3 percent for bank holding companies that meet certain specified criteria, including that

they have the highest regulatory rating. All other holding companies will be required to maintain a leverage ratio of 3 percent plus an additional cushion of at least 100 to 200 basis points. Pursuant to the Bank-MOU (refer to footnote 9 of the footnotes of this 10-Q for further information), the Bank has agreed with the FDIC and the State of New Jersey Department of Banking to maintain a leverage capital ratio of 7%.

As of June 30, 1992, the Company's and the Bank's capital ratios, calculated on the basis of the final rules which will become effective December 31, 1992, were as follows:

	June 30, 1992		
Capital ratios:	Required	Company	Bank
Leverage	7.00%	9.84%	9.56%
Core risk-based.....	4.00	18.01	17.49
Total risk-based.....	8.00	19.26	18.74

Under the recently enacted FDIC Improvement Act of 1991, federal banking agencies are required to establish certain minimum levels of capital which accord with guidelines established under that Act. These levels may increase minimum capital guidelines currently applicable to the Company and the Bank.

Washington Bancorp, Inc. & Subsidiary
Rate/Volume Analysis
(unaudited)

The Rate/Volume Analysis reflects the extent to which changes in interest rates and changes in the volume of interest-earnings assets and interest-bearing liabilities have affected the Bank's interest income and interest expense during the periods presented. Changes attributable to both volume and rate have been allocated proportionately.

	Three months ended June 30, 1992 compared to 1991			For six months ended June 30, 1992 compared to 1991		
	Increase (Decrease) Due to			Increase (Decrease) Due to		
	Volume	Rate	Net	Volume	Rate	Net
	(In Thousands)			(In Thousands)		
Interest Income:						
Loans - mortgage (1)	$ (580)	$ (235)	$ (815)	$ (1,399)	$ (582)	$ (1,981)
Loans - commercial and consumer (1)	(76)	(34)	(108)	(176)	(70)	(246)
Investment securities	164	(232)	(68)	340	(520)	(180)
Mortgage-backed securities	(238)	-	(238)	(609)	-	(609)
Federal funds sold	(44)	(35)	(79)	62	(88)	(26)
Deposits due from banks	8	-	8	23	-	23
Total interest income	(766)	(536)	(1,300)	(1,759)	(1,260)	(3,019)
Interest Expense:						
Regular savings	242	(367)	(125)	415	(542)	(127)
Market rate certificates	(463)	(667)	(1,130)	(902)	(1,223)	(2,125)
Checking and money market accounts	(10)	(46)	(56)	(11)	(83)	(94)
Advances from FHLB and ESOP debt	(583)	-	(583)	(1,200)	(1)	(1,201)
Total interest expense	(814)	(1,080)	(1,894)	(1,698)	(1,849)	(3,547)
Changes in net interest income	$ 50	$ 544	$ 594	$ (61)	$ 589	$ 528

(1) Includes nonperforming loans and excludes REO(in-substance and by deed).
Also, loan fees are included in interest income.

Washington Bancorp, Inc. & Subsidiary
Yield/Cost Analysis
(unaudited)

	Three months ended June 30, 1992			Three months ended June 30, 1991		
	Average Balance	Interest Income/ Expense	Average Yield/ Cost	Average Balance	Interest Income/ Expense	Average Yield/ Cost
	(Dollars in thousands)					
Assets:						
Interest-earning assets:						
Loans (1):						
Mortgage	$ 202,868	$ 4,592	9.05%	$ 227,242	$ 5,407	9.52%
Commercial and consumer	6,499	114	7.06%	9,734	222	9.15%
Total loans	209,367	4,706	8.99%	236,976	5,629	9.50%
Investment securities	57,856	912	6.31%	49,278	980	7.95%
Mortgage-backed securities	-	-	-	11,426	238	8.35%
Federal funds sold	6,807	62	3.66%	9,862	141	5.73%
Deposits due from banks	987	8	3.26%	-	-	-
Total interest-earning assets	275,017	5,688	8.27%	307,542	6,988	9.09%
Noninterest-earnings assets	16,662			19,314		
Total assets	$ 291,679			$ 326,856		
Liabilities and Stockholders' Equity:						
Interest-bearing liabilities:						
Regular savings	$ 96,656	$ 962	4.00%	$ 79,065	$ 1,087	5.52%
Market-rate certificates	143,462	2,068	5.80%	167,719	3,190	7.65%
Checking and money market accounts	11,335	106	3.76%	12,072	162	5.38%
Advances from FHLB and ESOP debt	-	-	-	28,447	583	8.22%
Total interest-bearing liabilities	251,453	3,136	5.02%	287,283	5,030	7.02%
Noninterest-bearing liabilities (2)	11,784			10,823		
Stockholders' equity	28,442			28,750		
Total liabilities and stockholders' equity	$ 291,679			$ 326,856		
Net interest income/interest rate spread		$ 2,552	3.25%		$ 1,958	2.07%
Net earnings assets/net yield on interest-earning assets	$ 23,564		3.71%	$ 20,259		2.55%
Ratio of interest-earning assets to interest-bearing liabilities			1.09 x			1.07 x

(1) Includes non-performing loans and excludes REO(in-substance and by deed). Also, loan fees are included in interest income.
(2) Includes regular checking and escrow accounts

Washington Bancorp, Inc. & Subsidiary
Yield/Cost Analysis
(unaudited)

	Six months ended June 30, 1992			Six months ended June 30, 1991		
	Average Balance	Interest Income/ Expense	Average Yield/ Cost	Average Balance	Interest Income/ Expense	Average Yield/ Cost
	(Dollars in thousands)					
Assets:						
Interest-earning assets:						
Loans (1):						
Mortgage	$ 197,425	$ 9,083	9.20%	$ 226,002	$ 11,064	9.79%
Commercial and consumer	6,685	248	7.46%	10,369	494	9.61%
Total loans	204,110	9,331	9.14%	236,371	11,558	9.78%
Investment securities	59,549	1,862	6.25%	51,059	2,042	8.00%
Mortgage-backed securities	166	6	8.33%	14,787	615	8.39%
Federal funds sold	9,407	186	3.98%	7,279	212	5.87%
Deposits due from banks	1,510	23	3.06%	-	-	-
Total interest-earning assets	276,720	11,408	8.31%	309,496	14,427	9.32%
Noninterest-earnings assets	16,379			17,695		
Total assets	$ 291,099			$ 327,191		
Liabilities and Stockholders' Equity:						
Interest-bearing liabilities:						
Regular savings	$ 93,734	$ 2,018	4.33%	$ 78,524	$ 2,145	5.51%
Market-rate certificates	145,850	4,383	6.04%	169,329	6,508	7.75%
Checking and money market accounts	11,592	234	4.06%	12,000	328	5.51%
Advances from FHLB and ESOP debt	38	1	5.29%	28,654	1,202	8.46%
Total interest-bearing liabilities	251,214	6,636	5.31%	288,507	10,183	7.12%
Noninterest-bearing liabilities (2)	11,498			9,806		
Stockholders' equity	28,387			28,878		
Total liabilities and stockholders' equity	$ 291,099			$ 327,191		
Net interest income/interest rate spread		$ 4,772	3.00%		$ 4,244	2.20%
Net earnings assets/net yield on interest-earning assets	$ 23,506		3.47%	$ 20,989		2.74%
Ratio of interest-earning assets to interest-bearing liabilities			1.09 x			1.07 x

(1) Includes non-performing loans and excludes REO(in-substance and by deed). Also, loan fees are included in interest income.
(2) Includes regular checking and escrow accounts

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding a subpoena dated August 1, 1990 served upon the Bank and a complaint filed in September 1991 against the Company and the Bank, see footnote 8 of the notes to consolidated financial statements of this 10-Q filing and see the Company's 1991 annual report on Form 10-K. For information regarding a complaint served upon the Company and the Bank in April 1992, see footnote 8 of the notes to consolidated financial statements of this 10-Q filing.

Item 2. Changes in Securities
None

Item 3. Defaults Upon Senior Securities
None

Item 4. Submission of Matters to a Vote of Security Holders

The results of the April 28, 1992 annual stockholders' meeting were reported in the Company's 10-Q filing for the quarter ended March 31, 1992.

Item 5. Other Information
None

Item 6. Exhibits and Reports on Form 8-K

1. Exhibits
None

2. Reports on Form 8-K
None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WASHINGTON BANCORP, INC.

Date: August 14, 1992

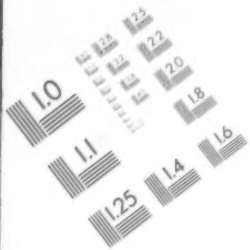
By: /s/ Theodore J. Doll

Theodore J. Doll
President and Chief
Operating Officer

Date: August 14, 1992

By: /s/ Thomas S. Bingham

Thomas S. Bingham
Chief Financial and
Accounting Officer



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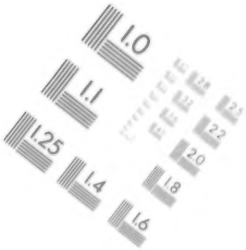

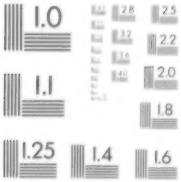

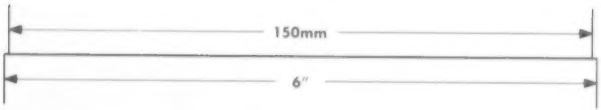

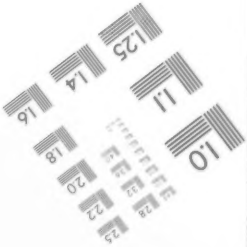

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